

Student Project Sheet

Project Title: **Upside Down on Your Car?**

Any company or individual who owns a vehicle has a responsibility to understand the cost of ownership. The deceptive nature of costs adds challenges. In the case of the school bus driver, someone else probably manages those costs. In the case of individuals, specifically you, the costs will be more personal.

Are you ready to buy a car? How are you going to pay for it? Do you have insurance quotes? Who will finance you? These are a few of the questions you will need to answer to realize your dream. Remember there is no “undo” button when you buy a car. Once you buy it, the deal is done.

Choose a car that you would like to own and drive. You may know or want to do a search at a site like **Cars.com**. Find the price you would pay if you bought the car from a dealer or an individual.

Use the Auto Loan Calculator at <http://www.cars.com/go/advice/financing/calc/loanCalc.jsp?mode=full> to calculate your payments at 6% and 10%. Is this affordable for you?

Click on the “Affordability” tab. Estimate how much you can afford for a monthly payment on a vehicle and how much you can put down. Include trade-in value if you currently have a car that you wish to trade in. Find your state’s sales tax rate. How much can you afford if the loan is 3 years (36 months)? 5 years (60 months)?

Does this change the vehicle you will look at getting?